

Message Text

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ACTION EB-07

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AMCONSUL TURIN UNN

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E.O. 11652: N/A

TAGS: EINV, IT

SUBJECT: SINGER LIQUIDATES LEINI PLANT

1. SUMMARY. SINGER HAS SOLD ITS PLANT AT LEINI (NEWAR TORINO) TO ITALIAN GOVERNMENT AGENCY GEPI, ENDING DISENGAGEMENT THERE WHICH BEGAN TWO YEARS AGO. SINGER'S MONZA PLANT, ON OTHER HAND, DOING WELL AND THERE IS NO THOUGHT OF CLOSING IT. END SUMMARY.

2. SINGER SENIOR VICE PRESIDENT DONALD G. ROBBINS JR. OF COMPANY'S NEW YORK HEADQUARTERS CALLED AT CONSULATE JULY 20 TO EXPLAIN THAT, AFTER LONG NEGOTIATIONS THAT ENDED IN AGREEMENT JULY 5, SINGER HAS SOLD PROPERTY AND BUILDINGS OF ITS LEINI PLANT (REFRIGERATORS AND OTHER HOUSEHOLD APPLIANCES) TO GEPI, THUS CLOSING OUT ACTIVITY WHICH IT BEGAN LIQUIDATING IN 175 WITH MUCH CRITICIZED PUBLIC ANNOUNCEMENT THAT IT INTENDED TO SELL OFF LEINI OPERATION. AGREEMENT, SAID ROBBINS, SHOULD BE COMPLETELY IMPLEMENTED BEFORE YEAR'S END, EXTRICATING SINGER FINALLY FROM MESSY SITUATION.

3. PRICE SINGER GOT FROM GEPI, SAID ROBBINS, WAS GOOD

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ONE UNDER CIRCUMSTANCES (THREE BILLION LIRE). ALTHOUGH LAND AND BUILDINGS HAD BEEN ASSESSED AT EIGHT BILLION, GEPI HAD INITIALLY WANTED TO PAY NOTHING. WHETHER GEPI WILL ALSO PURCHASE MACHINERY WILL BE DECIDED SOON. IF NOT, SINGER HAS OTHER OFFERS.

4. ROBBINS SAID SINGER'S RELATIONS WITH UNIONS HAD

NEVER BECOME DESTRUCTIVE OR ACRIMONIOUS. NOISE UNIONS MADE WA AIMED AT GETTING GOVERNMENT TO BUY PLANT AND SAVE THEIR JOBS, PRETTY MUCH WHAT HAPPENED IN END. SINGER WORKFORCE, ONCE 2200, HAS BEEN REDUCED TO SOME 1400 SINCE DEPARTURE ANNOUNCEMENT TWO YEARS AGO. THOSE 1400 ARE STILL ON PAYROLL AND ARE NOW GEPI'S PROBLEM.

5. WHAT WILL GEPI DO WITH NEW ACQUISITION? ROBBINS FELT GEPI ITSELF NOT YET DECIDED. PLANT COULD NOT GO ON MAKING PRESENT PRODUCTS AND OPERATE IN BLACK, SAID ROBBINS, SINCE TO MANY SUPPLIERS ALREADY IN MARKET. BUT WITH OTHER PRODUTS PLANT MIGHT BE PROFITABLE.

6. ROBBINS SAID SINGER'S MONZA PLANT (SEWING MACHINES, 1,500 EMPLOYEES) DOING VERY WELL AND IS NOT IN JEOPARDY. DECISION TO PULL OUT OF LEINI HAD BEEN MADE IN ORDER TO RATIONALIZE SINGER'S WORLDWIDE PRODUCT MIX, LEAVING COMPANY BETTER ABLE TO PRODUCE ITEMS - LIKE SEWING MACHINES - THAT COMPANY BEST EQUIPPED TO MARKET PROFITABLY. DECISION NOT, IN OTHER WORDS, AIMED AT ITALY.

7. ROBBINS SAID SINGER WULD NOW BE GIVING MORE PUBLICITY TO ITS MONZA OPERATION - ESPECIALLY ITS STRNG EXPORT CONTRIBUTION - IN EFFORT TO COMPENSATE FOR NEGATIVE IMAGE SINGER HAD BEGUN ACQUIRING AS RESULT OF LEINI PULLOUT.

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8. COMMENT. SINGER APPEARS TO HAVE EMERGED FROM LEINI EXPERIENCE CREDITABLY AND WITH NO PERMANENT INJURIES. UNFORTUNATELY, COMPANY HAD BECOME FOR AWHILE SYMBOL FOR THOSE WHO CHARGED - WHOLLY UNJUSTIFIABLY - THAT AMERICAN BUSINESS DESERTING ITALY. SINGER'S IMAGE AS DESERTER, ALREADY PRETTY MUCH A THING OF PAST, SHOULD DISAPPERAR DEFINITELY NOW THAT SINGER IS SEVERING LAST CONNECTION WITH LEINI PLANT AND CAN CONCENTRATE ON ITS MONZA OPERATION.WRIGHT

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